

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL BELL TELEPHONE)	
COMPANY EXPERIMENTAL INCENTIVE)	CASE NO. 89-076
REGULATION PLAN)	

O R D E R

The Commission, having reviewed the May 1, 1989 South Central Bell Telephone Company ("South Central Bell") filing of Schedule 1 for the February 28, 1989 point of test pursuant to South Central Bell's Revised Incentive Plan ("Incentive Plan") approved by the Commission in its Order entered September 30, 1988, finds that South Central Bell's filing complies with the provisions of the Incentive Plan and that no adjustment of rates is required.

South Central Bell's Schedule 1 income for the first point of test was \$87,293,000. This earnings level is based upon actual results for the 9-month period ending February 28, 1989 and estimated results for the 3-month period ending May 31, 1989. Based upon average total capital of \$757,713,000, South Central Bell's first point of test return on capital is 11.52 percent. The Incentive Plan provides that capital returns falling within the 11.52 - 12.07 percent range will result in no adjustment to rates. Thus, in accordance with the Incentive Plan, there will be no rate adjustment as a result of the February 28, 1989 point of test.

The Commission, in connection with its financial monitoring of the Incentive Plan, will review the financial records supporting South Central Bell's May 1, 1989 filing. Should any errors in actual results or major discrepancies in forecasting be found pursuant to this review, the Commission may require adjustments to South Central Bell's filing for the February 28, 1989 point of test.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this 16th day of June, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director